PERUSAHAAN OTOMOBIL NASIONAL SDN BHD

v.

BIDARA PRISMA SDN BHD & ORS

HIGH COURT MALAYA, KUALA LUMPUR
HANIPAH FARIKULLAH JC
[CIVIL SUIT NO: D5(IP)-22-1049-2008]
18 OCTOBER 2011

TRADE MARKS: *Infringement - Infringement of registered trade mark and passing off - Likelihood of confusion or deception - Authorised distributor of owner of 'Proton' and 'Proton Genuine Parts' marks found to have supplied counterfeit spare parts - Distributor's knowledge/intention with regard to counterfeit status of goods material - Whether liability strict - Whether distributor misrepresented counterfeit goods as original parts*

The plaintiff was the registered proprietor of the 'PROTON' and 'PROTON GENUINE PARTS' trade marks ('the trade marks') in Malaysia. The first defendant was the plaintiff's authorised distributor of goods bearing the trade marks as well as the Get-Up for supply to the Royal Malaysian Police Force ('PDRM'). The fourth defendant was the first defendant's general manager. The first defendant was appointed by the Home Affairs Ministry to supply Proton spare parts to PDRM. The spare parts which the first defendant supplied to PDRM between April and May 2007, to the value of about RM1.1m, although affixed with the trade marks, were found to be counterfeit. The plaintiff pursued the instant action against the first and fourth defendants (the claim against the second and third defendant directors of the first defendant was withdrawn) for infringement of the trade marks and for passing off. A permanent injunction against the defendants, publication of an apology in three daily newspapers and compensation for losses suffered by the plaintiff, were among the reliefs sought in the action. The defendants argued that they had purchased the spare parts for supply to PDRM from the 7th third party, Isumishi Sdn Bhd ('Isumishi') from whom the plaintiff also bought its goods. The defendants said they were led to believe that Isumishi dealt in original Proton parts. The defendants denied supplying the counterfeit goods to PDRM contending that Isumishi supplied the spare parts directly to the PDRM store without the first defendant taking physical possession of them. At the close of the plaintiff's case, the defendants submitted they had no case to answer and elected not to call any witnesses.

Held (allowing the plaintiff's claim against the first defendant with costs and dismissing plaintiff's claim against the fourth defendant with costs):

(1) The defendants' knowledge that the spare parts supplied under the nine deliveries to PDRM were counterfeit goods or their intention to supply the counterfeit goods was immaterial. Liability under trade mark infringement was strict. (para 40)

(2) The court was satisfied on balance of probabilities that the counterfeit goods had been supplied to PDRM by the first defendant. The defendants elected not to call evidence and had not tendered a single shred of evidence to show the counterfeit goods did not originate from the first defendant. (paras 59 & 60)

(3) In both trade mark infringement and passing off actions, likelihood of confusion was sufficient. As the defendant had used the Proton trade marks on the counterfeit goods identical to the trade marks and Get-Up belonging to the plaintiff, there was more than a mere likelihood of confusion or deception sufficient to misrepresent to a lay person that the parts were original parts of the plaintiff. (paras 69 & 70)

(4) No evidence was adduced by the plaintiff to establish the fourth defendant as the "soul and mind of the first defendant". The plaintiff failed to prove its claims of trade mark infringement and passing off against the fourth defendant personally. (paras 93 & 100)

Case(s) referred to:

Abercrombie & Fitch Co & Anor v. Fashion Factory Outlet KL Sdn Bhd & Ors [2008] 7 CLJ 413 HC ***(refd)***

Acushnet Company v. Metro Golf Manufacturing Sdn Bhd [2006] 7 CLJ 557 HC ***(foll)***

Compagnie Generale Des Eaux v. Compagnie Generale Des Eaux Sdn Bhd [1992] 4 CLJ 1979; [1992] 2 CLJ (Rep) 311 HC ***(refd)***

Danone Biscuits Manufacturing (M) Sdn Bhd v. Hwa Tai Industries Bhd [2010] 4 CLJ 711; [2010] 1 LNS 52 HC ***(refd)***

DHN Food Distributors Ltd v Tower Hamlest London Borough Council [1976] 1 WLR 852 ***(refd)***

Earles Utilities Ltd v. Jacobs (1935) RPC 72 ***(dist)***

Electro Cad Australia Pty Ltd & Ors v. Mejati RCS Sdn Bhd & Ors [1998] 3 CLJ Supp 196 HC ***(refd)***

Jaafar Shaari & Siti Jama Hashim v. Tan Lip Eng & Anor [1997] 4 CLJ 509 SC ***(refd)***

Malayan Banking Bhd v. Foo See Moi [1981] 1 LNS 95 FC ***(refd)***
Oertli AG v. E J Bowman (London) LD and Others [1956] RPC 282 ***(refd)***
Panhard et Levassor v. Panhard Levassor Motor Company Ltd (1901) 198 RPC 405 ***(refd)***
Parker Knoll Limited v. Knoll International [1962] RPC 265 ***(foll)***
Philip Morris Products SA v. Ong Kien Hoe & Ors [2010] 2 CLJ 106; [2009] 1 LNS 498 HC ***(refd)***
Re Jinro (HK) Ltd [2002] 4 HKC 90 ***(refd)***
Revlon v. Cripps [1980] FSR 85 ***(refd)***
Seet Chuan Seng & Anor v. Tee Yih Jia Food Manufacturing Pte Ltd [1994] 3 CLJ 7 SC ***(refd)***
Tohtonku Sdn Bhd v. Superace (M) Sdn Bhd [1992] 2 CLJ 1153; [1992] 1 CLJ (Rep) 344 SC ***(refd)***
UBE Engineering Sdn Bhd v. UBE Industry Sdn Bhd & Anor [2001] 1 CLJ 300 HC ***(refd)***
Yoong Sze Fatt v. Pengkalen Securities Sdn Bhd [2010] 1 CLJ 484 ***(foll)***

Legislation referred to:
Trade Marks Act 1976, ss. 35(1), 36, 37, 38(1), 82(2)

Other source(s) referred to:
Christopher Wadlow, *Unfair Competition by Misrepresentation*, 3rd edn, pp 472-473

For the plaintiff - Su Siew Ling (Choy Sook Yee with her); M/s Tay & Partners
For the 1st defendant - Rajkumar Mathusuthanan; M/s Law, Raj, Teh & Partners
For the 2nd and 3rd defendants - Mary Anthony (Premala with her); M/s MM Anthony
For the 4th defendant - Bharti Seth (Kokilah Kanniappan with her); M/s Bharti Seth & Assocs
For the 3rd parties no. 1-5 - Maisarah Johari (Azzuin with her) AG's Chambers
For the 3rd parties no. 6-9 - Visvanathan; M/s Saibullah M V Nathan & Co

Reported by Ashok Kumar

JUDGMENT

Hanipah Farikullah JC:

Introduction

[1] The present suit is filed by the plaintiff against the defendants for supplying automotive components, spare parts and accessories bearing the Proton Trade Marks ("the Counterfeit Goods") without the plaintiff's authorisation.

[2] The plaintiff is the registered proprietor of various trade marks under class 12, including the "PROTON" Trade Mark (Trade Mark Registration No. 84001801) and the "PROTON GENUINE PARTS" Trade Mark (Trade Mark Registration No. 97008846) in respect of, amongst others, motor cars, commercial vehicles, land, vehicles, components, spare parts, accessories and fittings for motor vehicles in Malaysia ("the trade marks").

[3] The 1st defendant is a corporate distributor of the goods bearing the trade marks and the get-up for supply to Polis Diraja Malaysia (PDRM) and has an approved dealer status from Edaran Otomobil Nasional Berhad ("EON") and is an authorised distributor of the plaintiff. The 2nd and 3rd defendants are directors of the 1st defendant. The 4th defendant is the general manager of the 1st defendant.

[4] In the course of the trial, the claims against the 2nd and 3rd defendants were withdrawn.

[5] The plaintiff's claims against the 1st and the 4th defendants ("the defendants") are premised upon the following causes of action:

(a) Infringement of the Proton Trade Marks; and

(b) The tort of passing off involving the Proton Trade Marks and the get-up

[6] The plaintiff alleged that the defendants supplied the counterfeit goods through nine batches of deliveries to the PDRM between April and May 2007. Specifically, there were nine local orders in which the defendant supplied through 19 delivery orders between April and May 2007 worth RM1,105,762.23.

[7] The plaintiff is seeking a permanent injunction against the defendants, a publication of a full apology in three daily newspapers and compensation for the losses that the plaintiff has suffered from the defendants' infringing activities.

[8] The defendant denied the plaintiff's claim and in gist contended that the counterfeit goods verified were not supplied by the defendant.

Agreed Facts

[9] It is an agreed fact that the nine deliveries of the counterfeit goods were made *via* 19 delivery orders (B1-19) which deliveries took place on 13 April 2007, 17 April 2007, 18 April 2007, 24 April 2007, 7 May 2007 and 8 May 2007 and were encompassed in nine invoices (B52-68) corresponding to the nine local orders.

[10] The plaintiff's claim is for all quantities of counterfeit goods found in the nine deliveries and is not limited to the 76 pieces of counterfeit goods marked as evidence in court. Only one piece of each type of the counterfeit goods within the nine deliveries was produced in court and marked as an exhibit due to space constraint in court and also for purposes of expediting the trial process and the fact that the counterfeit goods were all evidence in criminal proceedings against the 4th defendant.

[11] The plaintiff also produces and sells goods by reference to the following get-up:

(a) the labels bearing the Proton Trade Marks with product and/or the distributor's information;

(b) the distinctive tiger device; and

(c) the phrase, "genuine parts"

[12] The 1st defendant was appointed by the Kementerian Keselamatan Dalam Negeri ("KKDN") to supply Proton Products to PDRM by virtue of the agreement between the 1st defendant and KKDN dated 13 May 2004 for the period of 30 March 2004 to 29 March 2007. The agreement had subsequently been renewed for the period of 30 March 2007 to 29 March 2008 in the letter from KKDN to the 1st defendant dated 30 March 2007.

Chronology of Events

[13] Before I turn to consider the issues, let me state briefly the factual background of this case based on the evidence adduced by the parties:

Date	Event
13 May 2004	The 1st defendant was appointed as supplier of original Proton Products to the PDRM for the period of 30 March 2004 to 29 March 2007 through the agreement between the 1st defendant and KKDN dated 13 May 2004
28 February 2007	KKDN issued nine local orders ("LO") to the 1st defendant for Proton Products to be supplied to PDRM
30 March 2007	Letter from KKDN to the 1st defendant renewing the agreement for the period of 29 March 2007 to 30 March 2008
13 April 2007 – 08 May 2007	Pursuant to the nine LOs dated 28 February 2007, the 1st defendant supplied spare parts affixed with the Proton Trade Marks to PDRM totalling RM1.1 million under 19 delivery orders ("DO")
10 May 2007	Cif Inspektor Sanizam (PW3) found suspiciously labelled "Condensor Assy" labelled with "Paco" and "Made in Thailand" when the 1st defendant's Delivery Order No. 10737 dated 7 May 2007 (B15) describes it to be "Denso" and all Proton Products are known to be made in Malaysia. Cif Inspektor Sanizam brought four types of items to Proton Parts Centre Sdn Bhd ("PPC") for verification of authenticity together with a covering letter of the same date. Mr Bulwant (PW2) did a visual inspection and confirmed that they are counterfeit goods

Date	Event
11 May 2007	PW2 representatives from PPC, EON and UMW Auto Parts Sdn Bhd visited Bahagian IV (Stor Jentera) SMS PDRM to examine the rest of the spare parts affixed with the Proton Trade Marks supplied by the 1st defendant. They discovered that a substantial quantity of the spare parts are counterfeit goods. PW2 informed PW3 that samples would need to be provided to PPC for purposes of preparing a more detailed report. PW2 then selected the parts to be set aside for further inspection and to prepare a formal report.
15 May 2007	SMS PDRM issued a letter to PPC with a request for the authenticity of 94 types of products or 653 pieces of products supplied by the 1st defendant to be verified. These items were collected by PPC from SMS PDRM on the same day.
21 May 2007	Letter from PPC to SMS PDRM with results of the verification of the 94 types of products or 653 pieces of products supplied by the 1st defendant. 68 out of the 94 types of products provided were discovered to be counterfeit goods.
1 June 2007	Letter from SMS PDRM to the defendants informing that in the nine batches of spare parts supplied worth RM1,105,762.23, there were counterfeit goods supplied. The defendants were requested to replace the counterfeit goods with original Proton Products.
6 June 2007	Plaintiff issued a letter to the 1st defendant demanding that they cease from selling, purchasing, acquiring and/or possessing counterfeit goods.

Date	Event
12 June 2007 – 13 June 2007	The 1st defendant collected 139 units of Reg Assy Fr Pow Window LH and 279 units of Reg Assy Dr Pow Window RH supplied under the nine batches of spare parts.
13 June 2007	PW3 lodges complaint against the 4th defendant for counterfeit goods supplied by the defendants to PDRM.
18 June 2007	Letter from the 1st defendant to Jabatan Pengarah 1, Jabatan Logistik, PDRM apologizing for the "inconvenience" caused and explaining that the 1st defendant was allowed to take back the counterfeit goods on 12 June 2007 and 13 June 2007 for exchange but was stopped on 14 June 2007.
22 June 2007	Letter from the 1st defendant to the Komisioner Polis, Ketua Pengarah, Jabatan Logistik, PDRM apologizing for the "inconvenience" caused and explaining that the 1st defendant was allowed to take back the counterfeit goods on 12 June 2007 and 13 June 2007 for exchange but was stopped on 14 June 2007.
3 July 2007	Letter from the 1st defendant to the Jabatan Logistik, PDRM apologizing for the "inconvenience" caused and that they were allowed to correct their carelessness to exchange the goods supplied with "authentic products".
10 July 2007	Letter from the 1st defendant to the Komisioner Polis, Ketua Pengarah, Jabatan Logistik, PDRM apologizing for the "inconvenience" caused and that they were allowed to correct their carelessness to exchange the goods supplied with "authentic products".

Date	Event
6 August 2007	Letter from Bahagian Perolehan, Jabatan Logistik, PDRM informing that PDRM cannot return all the spare parts supplied as they have now become evidence for investigation.
28 January 2008	The 4th defendant sent a letter of undertaking signed by the directors of the 1st defendant. The plaintiff notified the defendants that the letter of undertaking will not be accepted by the plaintiff as the terms do not comply with the plaintiff's demand.
22 February 2008	Plaintiff's solicitors issued a letter of demand to the 1st defendants.
18 June 2008	Plaintiff commenced civil proceedings and filed a writ and statement of claim for this civil suit.
29 July 2008	DSP Norlia bt Mohd Yusof (PW7) of the Bahagian Siasatan Jenayah Korporat, Jabatan Siasatan Jenayah Komersil Bukit Aman requested the verification of the authenticity of one type of product affixed with the Proton Trade Mark.
13 August 2008	Letter from PPC to PW7 of the Bahagian Siasatan Jenayah Korporat, Jabatan Siasatan Jenayah Komersil, Bukit Aman with results of the verification of the one type of product supplied by the 1st defendant. It was discovered to be counterfeit goods.
14 September 2010	PW2 visited the SMS PDRM with PW7 to collect seven more types of products affixed with the Proton Trade Mark for verification of authenticity.

A **The Plaintiff's Case**

[14] The plaintiff and its various appointed parties have been designing, manufacturing, distributing, supplying, selling and/or offering for sale in Malaysia the automotive components, spare
B parts and accessories bearing the Trade Marks since the sale of vehicles made by the plaintiff in 1984.

[15] The plaintiff has acquired reputation and goodwill in respect of the trade marks and the get-up as a consequence of extensive use, sales and promotional efforts.
C

[16] The trade marks, particularly "PROTON" has become well-known in Malaysia.

[17] The defendants have supplied, distributed, sold and/or
D offered for sale, automotive/vehicle components, spare parts and accessories bearing the trade marks that are identical and/or confusingly and deceptively similar to the trade marks and the get-up without the authorisation or approval given by the plaintiff ("the counterfeit goods") to PDRM. The goods supplied have
E been verified by the plaintiff and/or the plaintiff's representatives to be counterfeit goods.

[18] Criminal action has been taken against the 4th defendant at the Criminal Session's Court, Criminal Suit No. 62-400-2008
F for charges in relation to the supply of the counterfeit goods to PDRM.

[19] On 28 January 2008, the 1st defendant had provided a letter of undertaking to the plaintiff duly signed by the 2nd and 3rd defendants acknowledging that the 1st defendant had infringed
G the trade marks and committed the tort of passing-off.

The Defendants' Case

[20] The defendants in their defences raised the following:

H (i) By an agreement dated 13 May 2004, the 1st defendant entered into a contract with KDN to supply Proton spare parts ("Goods") to PDRM for a period of three years. The contract was from 30 March 2004 to 29 March 2007 ("the 1st contract").

I (ii) During the 1st contract, the 1st defendant exclusively purchased all the goods ordered by PDRM directly with EON. The goods were then supplied by PPC to PDRM.

(iii) The 1st contract was extended for a further period of one year commencing from 30 March 2007 to 29 March 2008 ("the Extended Contract"). On the instructions of agents and servants of PDRM, specifically DSP Hashim bin Mohammad ("DSP Hashim") from the Logistic and Technical Department of Bukit Aman, the plaintiff purchased the goods from one, Isumishi Sdn Bhd.

(iv) During the Extended Contract, there were only nine local orders issued by PDRM. The 1st defendant purchased all the goods directly from Isumishi from 13 March 2007 to 8 May 2007. Isumishi supplied the goods directly to the SMS store. The defendants did not take physical possession of the goods.

(v) Neither the 1st nor the 4th defendant supplied, distributed, offered for sale and or sold the said goods bearing a get-up or trade mark that is identical and or confusingly similar to that of the plaintiff.

(vi) The 4th defendant was led to believe by DSP Hashim that Isumishi Sdn Bhd deals in original Proton parts and hence requested the 4th defendant to purchase Proton parts from Tan Kiew Seng of Isumishi Sdn Bhd.

(vii) Accordingly, the 1st defendant purchased the goods from Isumishi Sdn Bhd during the tenure of the Extended Contract.

(viii) The goods verified were not supplied by the 1st defendant; and that the person who conducted the verification is not an expert.

(ix) The 1st defendant was only ever involved in the supply of automotive spare parts to PDRM pursuant to the 1st contract and the Extended Contract. The defendants were not in the business of the sale and supply of automotive spare parts otherwise and the 1st defendant did not supply Proton spare parts to anyone other than PDRM.

(x) The plaintiff did not suffer any damages as claimed.

Defendant's Election To Make A Submission Of No Case To Answer

[21] At the close of the plaintiff's case, learned counsel for the defendants chose to submit that there was no case to answer and preferred not to call witnesses.

[22] I should at this point say that during final case management, learned counsel for the defendants informed the court that they will call a total of 13 witnesses in support of their defence.

[23] However at the close of the plaintiff's case, learned counsel for the defendants informed the court that they would not be calling any witness but would make a submission.

[24] Learned counsel for the defendants referred to the decision in *Miller (t/a Waterloo Plant) v. Cawley* which state that:

> Where a defendant was put to his or her election and elected to call no evidence, the issue was not whether there was any real or reasonable prospect that the claimant's case might be made out or any case fit to go before a jury or judge of fact. Rather, it was the straightforward issue, arising in any trial after all the evidence had been called, namely whether or not the claimant had established his or her case by the evidence called on the balance of probabilities.

[25] The case of *Miller (supra)* was adopted by Gopal Sri Ram JCA (as he then was) in the case of *Jaafar Shaari & Siti Jama Hashim v. Tan Lip Eng & Anor* [1997] 4 CLJ 509.

[26] In light of the defendants' election of no case to answer, the plaintiff submitted as follows:

(a) The evidence of the plaintiffs' witnesses will have largely not been contradicted or challenged, as the defendants have elected not to call witnesses.

(b) The defendants' allegations made against the plaintiffs' witnesses in their statements of defence will have been unsubstantiated thus, must be disregarded in the court's evaluation of whether the plaintiff has proven its case under trade mark infringement and passing off on the balance of probabilities.

(c) This will include the allegation that PW3 held grudges against the 4th defendant and had "framed" the defendants by planting counterfeit goods not supplied by the defendants and putting the blame of infringement on them.

[27] The Court of Appeal in the case of *Yoong Sze Fatt v. Pengkalen Securities Sdn Bhd* [2010] 1 CLJ 484 laid down the guidelines to be followed when the defendant elect that there was no case to answer and did not call witnesses. In that case, Abdul Malik Ishak (JCA) stated as follows:

> Having considered the arguments of counsel on both sides and the authorities cited by them, I am of the opinion that the following guidelines may be taken as well settled. At the close of the plaintiff's case, the first defendant chose to submit that there was no case to answer and preferred not to call witnesses. It was a perilous course to take simply because all the evidence adduced by the plaintiff must be presumed to be correct. It is a sound general rule that a judge should not consider a submission of no case to answer unless the defendant (here the first defendant) agrees not to call any evidence, whatever the outcome of the submission. Thus, where a defendant is put to his election and elects not to call evidence, just like the present appeal, the result is this. That the trial is in effect truncated and the question for the judge to consider is whether the plaintiff has established his case by the evidence called on the balance of probabilities. If the plaintiff has done so, then the judgment should be given to the plaintiff. If the plaintiff has not done so, then the judgment should be given to the defendant. If the judge chooses the latter course of action and gives judgment to the defendant, the judge may indeed be of the view that there is no case for the defendant to answer. But such a judgment should not be given unless the judge finds that the plaintiff has not established his case by the evidence adduced on the balance of probabilities.

[28] Further, at p. 501 of the judgment, His Lordship said:

> Suffice for me to say that when a submission of no case to answer has been made and coupled with the submission that no witnesses will be called, it gives rise to these unrebuttable implications:
>
> (a) the outcome to the question of whether there is a case to answer would be that all evidence led by the plaintiff must be presumed to be correct; and
>
> (b) so the burden falls on the first defendant to call evidence to rebut the plaintiff's case and the first defendant's failure to do so in the absence of reasonable explanation will trigger an adverse inference to be drawn against the first defendant under s. 114(g) of the Evidence Act 1950.

[29] In the light of the guidelines laid down in *Yoong Sze Fatt*'s case, I will analyse whether based on the evidence presented to court, the plaintiff has established its claims on the balance of probabilities.

The Plaintiff's Witnesses

[30] Before dealing with the issues, it is convenient to give a brief description of the witnesses. The plaintiff called seven (7) witnesses to proof its claims. A brief submission on the evidence of each of the plaintiff's witnesses is as follows:

(a) PW1 – Noor Azmin Azali bin Ramli

PW1 is the lead counsel of the legal department of the plaintiff. Briefly, PW1 has given evidence on, *inter alia*, the ownership of the Proton Trade Marks, the goodwill and reputation of the plaintiff, the relationship between the plaintiff and PPC, the authorisation given to PPC on the use of the Proton Trade Marks as well as the undertaking provided by the 1st defendant.

(b) PW2 – Bulwant Singh a/l Dalip Singh

PW2 is a Manager of the Warehouse/Special Project for PPC. As the plaintiff's representative in all its anti-counterfeiting exercises, PW2 has given evidence on the verification and identification of the counterfeit goods. PW2 also gave evidence on the chain of supply of the Proton Products.

(c) PW3 – Sanizam bin Saad @ Robean

PW3 was a Chief Inspector at the Bahagian IV (Stor Jentera) Stor Material Spesifik ("SMS") PDRM. PW3 has given evidence on the general process of receiving goods from the Bahagian Penerimaan Teknikal SMS PDRM and storing of such goods. PW3 also gave evidence on his discovery of the counterfeit goods supplied by the defendants and his request for the verification of the counterfeit goods from PPC leading up to the lodgement of the police report against the defendants.

(d) PW4 – Zainuddin bin Ismail

PW4 was a Chief Inspector at the Bahagian Penerimaan Teknikal SMS PDRM. PW4 had given evidence on the general process of receiving goods from suppliers and the storing of such goods. PW4 also gave evidence on the release of some of the counterfeit goods back to the defendants.

(e) PW5 – Mohd Ibrahim bin Kamaruddin

PW5 is a corporal at the Bahagian Penerimaan Teknikal SMS PDRM. PW5 had given evidence on the receipt of the counterfeit goods from the defendants, the cheques that were made, the storing of the goods, up to the delivery of the counterfeit goods to Bahagian IV (Stor Jentera).

(f) PW6 – Ramli bin Abdul Aziz

PW6 works at the Bahagian IV (Stor Jentera) and has given evidence on the receipt of the counterfeit goods from Bahagian Penerimaan Teknikal and the storing of the goods in the Bahagian IV (Stor Jentera).

(g) PW7 – Norlia bt Muhd Yusof

PW7 is the Investigating Officer of the criminal action taken against the 4th defendant. PW7 gave evidence on the criminal charges filed against the 4th defendant, the safekeeping and verification of the counterfeit goods under her care.

Issues To Be Determined By The Court

[31] I now turn to the issues. If the plaintiff is to succeed in its claims, it must satisfy the court of the following matters:

(i) The counterfeit goods verified were indeed supplied by the 1st defendant *via* the nine deliveries and 19 DOs.

(ii) The defendants' trade mark infringed the plaintiff's trade mark.

(iii) The defendants have passed off its products as the plaintiff's product.

The Law

[32] Section 35(1) of the Trade Marks Act 1976 (the Act) provides:

> Subject to the provisions of this Act, the registration of a person as registered proprietor of a trade mark (other than a certification trade mark) in respect of any goods or services shall, if valid, give or be deemed to have been given to that person the exclusive right to the use of the trade mark in relation to those goods or services subject to any conditions, amendments, modifications or limitations entered in the Register.

[33] Under s. 36 of the Act, the fact that a person is registered as proprietor of the trade mark shall be *prima facie* evidence of the validity of the original registration of the trade mark and of all subsequent assignments and transmissions thereof.

[34] Section 37 provides that the registration of a trade mark which has been registered for more than seven years is *prima facie* evidence of its validity.

[35] The plaintiff is the registered proprietor of the Proton Trade Marks in respect of, *inter alia*, motor cars, commercial vehicles, land vehicles, components, spare parts, accessories and fittings for motor vehicles in Malaysia. This is an agreed fact.

[36] Further, s. 38(1) of the Act provides on how infringement may arise:

> A registered trade mark is infringed by a person who, not being the registered proprietor of the trade mark or registered user of the trade mark using by way of permitted use, uses a mark which is identical with it or so nearly resembling it as is likely to deceive or cause confusion in the course of trade in relation to goods or services in respect of which the trade mark is registered in such a manner as to render the use of the mark likely to be taken either:
>
> (a) as being use as a trade mark;

[37] The Supreme Court in the case of *Tohtonku Sdn Bhd v. Superace (M) Sdn Bhd* [1992] 2 CLJ 1153; [1992] 1 CLJ (Rep) 344 stated that a registered trade mark is infringed by a person who uses a mark which:

(a) is identical with it; or

(b) so nearly resembling it as it is likely to deceive; or

(c) so nearly resembling it as likely to cause confusion.

[38] Lord Denning's decision in the case of *Parker Knoll Limited v. Knoll International* [1962] RPC 265 was referred to by Ramly Ali J (as he then was) in the case of *Acushnet Company v. Metro Golf Manufacturing Sdn Bhd* [2006] 7 CLJ 557 where the court held as follows:

> It is not necessary that it should be intended to deceive or to cause confusion. We do not have to look into the mind of the user to see what he intended. It is its' probable effect on ordinary people which we need to consider. The user may have no such intention, and was completely honest. But, he may still be guilty of infringement if his usage of the trade mark is likely to deceive or to cause confusion on the ordinary people, (see: *Parker-Knoll Limited v. Knoll International Limited (supra)*).

[39] Similar to the facts of this present case, in *Acushnet Company v. Metro Golf Manufacturing Sdn Bhd (supra)* the defendant was implicated as the supplier of counterfeit goods. The defendant alleged that a third party company has sold the defendant original goods bearing the trade mark in contention. The court held at p. 579:

> If at all Zonson had made any representations that it was entitled to sell unfinished goods bearing "TITLEIST" trade mark, then such representations were not true and the defendant ought to have insisted upon proper documentation from Zonson to satisfy itself that Zonson had the right to sell the goods to the defendant. The failure on the party to carry out its own due diligence is a risk they appear to have taken ...
>
> As such the defendant in purchasing the said goods and in turn selling them to 3rd parties for a profit is also infringing the plaintiff's marks. It is not open to the defendant to say that they are innocent, as there is no such defence in trade mark law.

[40] Based on the authorities cited above, it is clear that the defendants' knowledge that the spare parts supplied under the nine deliveries were counterfeit goods or their intention to supply the counterfeit goods is immaterial. Liability under trade mark infringement is strict.

[41] The principle in *Acushnet*'s case was followed in *Philip Morris Products SA v. Ong Kien Hoe & Ors* [2010] 2 CLJ 106; [2009] 1 LNS 498 where the court held:

A it is clear from this explanation that it is immaterial whether the 2nd defendant has intention or knowledge of the infringement ... Innocence is therefore not a defence to an infringement of registered trade mark.

Findings

B

[42] As the evidence related to the commission of passing off is the same as that for trade mark infringement, that is, the unauthorised use of the Proton Trade Marks in the course of trade, the evidence for both causes of action will be dealt with C together in this judgment.

[43] In this present case, I am satisfied that the trade mark on the counterfeit goods bear a trade mark identical to the registered trade mark of the plaintiff. However, the defendant in its D submission contended that the goods verified as counterfeit goods were not supplied by the 1st defendant.

[44] Thus, the core issue that the court has to determine is whether the counterfeit goods verified were indeed supplied by the 1st defendant to PDRM *vides* the nine deliveries and 19 DOs. E

Whether The Goods Which Were The Subject Of The Verification Reports Originated From The Defendant's Consignment To PDRM

F **[45]** I now turn to the question of whether the goods which were the subject of the verification reports originated from the defendants' consignment to PDRM.

[46] The 1st defendant submitted that the plaintiff has failed to G prove that the items which were the subject of the verification reports, in fact, originated from the 1st defendant's consignment to PDRM. According to the defendants, the evidence before the court is that 94 items which are the subject matter of the 1st verification report were unliterally released by PW3 to PW2 of H PPC on 15 May 2007 and then kept by PPC for a duration of about two years without any evidence whatsoever relating to the tagging and/or marking of the items or integrity of storage.

[47] The 1st defendant further contended that the evidence of PW2 is unrealiable as he has tendered original goods (exhs. 2A to I exh. 76A (as contained in the list of exh. P79)) manufactured in the year 2010 and 2011 to compare against the alleged infringing

goods in 2007. In this regard, PW2 could not produce the original goods he had used for the verification reports for the court to assess the weight to be given to these reports.

[48] Thus, the 1st defendant submitted that the plaintiff's attempt to prove infringement and passing off has collapsed and the verification reports serve no probative purpose whatsoever since they cannot be reliably verified by the evidence adduced in court.

[49] In this present case, the plaintiff need only establish that the counterfeit goods were supplied by the 1st defendant on a balance of probabilities to discharge its evidential burden. I have carefully perused the evidence adduced by the plaintiff and the relevant documents and exhibits tendered in court and find that on the balance of probabilities, the plaintiff has established that the goods which were the subject of the verification reports originated from the defendants' consignment to PDRM. My reasons follow.

Procedure On The Movement Of Goods

[50] The plaintiff has adduced evidence through its witnesses on the procedure in the SMS PDRM on the movement of goods and the movement of the Proton spare parts upon delivery by the 1st defendant for the nine deliveries.

[51] On this issue, the court finds that the 94 types of Proton spare parts, which are the subject matter of the verification report at (C84-145) were released by PW3 to PW2 of PPC.

[52] PW3 with the permission of the 'Ketua Penolong Pengarah Jabatan Logistik SMS' (KPPJL) on 11 May 2007 wrote to PPC to do the verification on Proton spare parts at the SMS PDRM. This is supported by the letter dated 11 May 2007 which is copied to the KPPJL, refers to the meeting between PW3 and the KPPJL.

[53] Upon the verification at the SMS PDRM on 11 May 2007 by PPC, permission was given to PPC to pick up 94 types of Proton spare parts for detailed verification on 15 May 2007. In this regard, PW3 obtained permission of the KPPJL and is supported by the letter dated 15 May 2007 (C78-80) which is copied to the KPPJL.

[54] Further evidence that the KPPJL of SMS PDRM has authorised the sending by PW3 of the 94 types of Proton spare parts for verification at PPC can be seen in the KPPJL's letter to the 1st defendant dated 1 June 2007 (B48-50). In this regard, the KPPJL had issued a letter to the 1st defendant annexing PPC's summary of verification of the 94 types of Proton spare parts dated 21 May 2007 (C82) and relied on it to demand the exchange of the counterfeit goods with original Proton spare parts.

[55] In the light of the above evidence, I find that PW3's actions were at all times authorised and approved by the KPPJL.

[56] Further, the defendants in its submission contended that the 94 types of Proton spare parts sent for verification by PW2 were kept at PPC for a duration of about two years without any evidence of tagging and/or marking of the items. In relation to this point, it seems to me that there is no merit in the defendants' contention based on the following grounds:

(a) There is no need for any marking or tagging by PPC as the barcodes on the labels of each of the counterfeit goods are unique and would identify the exact Proton spare parts which were verified;

(b) The scanning of the barcodes of the counterfeit goods in court (P79) and identification of the other features of the counterfeit goods have shown that they are the exact same products in the verification report for the 94 types of Proton spare parts supplied by the 1st defendant (C84-145);

(c) PW2 has confirmed that the counterfeit goods marked as exhibits and produced in court during trial were the exact same Proton spare parts which were verified by PW2 as being counterfeit goods at PPC. The 1st defendant has not shown any proof to the contrary;

(d) The plaintiff has shown the movement of the 1st defendant's Proton spare parts from the 1st defendant to SMS PDRM, to PPC for verification and thereafter to the Commercial Crimes Division, Bukit Aman and finally to court. The plaintiff has adduced sufficient evidence to show the movement and custody of goods which remain with SMS PDRM and PPC at all material time; and

(e) There is no evidence adduced by the defendant to show that the integrity of storage at PPC had been compromised. PW2 had given evidence that the counterfeit goods were kept separately in a big case and stored in a safe place in the PPC warehouse. PW2 also confirmed that when the items were returned to SMS PDRM to the custody of the Commercial Crimes Division, all the parts were accounted for.

Movement And Custody Of 1st Defendant's Counterfeit Goods

[57] Next, I will consider the movement and custody of the 1st defendant's counterfeit goods.

[58] In the light of the facts and the evidence adduced by the plaintiff, the flow of the defendants' goods supplied through SMS PDRM, PPC Commercial Crimes Division and finally to this court can be summarised as follows:

PW5 received the 9 Deliveries from Prem, 1st Defendant's representative

Bahagian Penerimaan Teknikal – **CHECK 1** –

- Goods were all delivered on pellets by 1st Defendant
- PW5 checked the bokep no, part no, quantity of parts in accordance with the LO and the DO and random checks on the spare parts by opening some of the boxes – Checks done in presence of Prem, 1st Defendant's representative
- Upon completing checks, PW5 signed the 1st Defendant's DOs
- The Proton spare parts were kept in the ruang transit on their pellets, not mixed with other goods
- PW5 prepared the Baucer Penerimaan (CRV) based on the 1st Defendant's DOs by keying in his ID and password and input all relevant information. PW5 then logged out of the SMS online system by locking his password

Bahagian Penerimaan Teknikal – **CHECK 2** –

- PW5 informed SI Hedir or PW4 to check and confirm the Baucer Penerimaan (CRV)
- Upon checking and confirmation, SI Hedir or PW4 who checked and confirmed for different DOs, logged in and keyed in their ID and password in the system. This confirmation is apparent on the Borang Terimaan Barang-Barang (BTB)
- PW5 then printed out the Baucer Penerimaan (CRV) and prepared to have the goods sent to the Stor Jentera

Transporting Goods to Bahagian Stor Jentera – **CHECK 1** –

- PW5 delivered goods physically together with 2 copies of CRV, copy of DOs, copy of LOs by way of forklift to the Stor Jentera
- All Proton spare parts were delivered on pellets and arranged in the front of the Stor Jentera and not mixed with other goods
- PW5 and PW6 or Sarjan Ismail (who had received some of the Proton spare parts at the Stor Jentera)
- PW5 and PW6 conducted checks based on CRV on quantity jointly
- Upon checking, PW6 signed the Buku Dispatch Teknikal acknowledging receipt of the Proton spare parts from the Bahagian Penerimaan Teknikal. This is "penerimaan sementara"

Bahagian Stor Jentera – **CHECK 2** –

- On 10.05.2007, while conducting detailed check, PW4 discovered the Denso Part in DO no. 10737 dated 07.05.2007. The brand on the box is not "DENSO" and the product is stated as "Made in Thailand"
- All Proton spare parts received under the 9 Deliveries were placed together at the Stor Jentera
- PW3 informed PW4 of Bahagian Penerimaan Teknikal of the suspicious Counterfeit Product. PW4 confirmed he could not verify the authenticity of the product and agreed with PW3's suggestion to send the item for verification at Proton Parts Centre

Stor Jentera to Proton Parts Centre

- On 10.05.2007, PW3 brought 4 types of Proton spare parts or 13 pieces of spare parts, including the Denso Part for verification at Proton Parts Centre with permission of the KPPJL
- The rest of the Proton spare parts supplied under the 9 Deliveries were left at the Stor Jentera
- PW2 inspected the Proton spare parts and confirmed they are Counterfeit Products
- On 11.05.2007 PW3 informed that the KPPJL had agreed to request Proton Parts Centre to verify the Proton spare parts supplied by the 1st Defendant in SMS PDRM
- On 11.05.2007, PW2 and a team verified Proton spare parts at SMS PDRM. 1st Defendant's representative, Prem, was present at the SMS PDRM. This is not disputed by the Defendants.
- Most of the items verified at the SMS PDRM were identified to be Counterfeit Products

A

– On 15.05.207, letter of request was issued to Proton Parts Centre to verify in detail 94 types of Proton spare parts supplied by 1st Defendant

B

– On 29.07.2008, the Commercial Crimes Division, PDRM, Bukit Aman requested Proton Parts Centre to verify the authenticity of 1 more type of product

C

– As authenticity of Proton spare parts was questionable, PW3 did not log in and key in his ID and password to verify and confirm the Proton spare parts on Borang Terimaan Barang-Barang (BTB)

D

– All further verification or checks was suspended following the investigations into the authenticity of the Proton spare parts.

– Police report made on 13.06.2007 on authenticity of Proton spare parts and parts were segregated to a place which was guarded tightly. The parts were not mixed with other items

E

– On 29.07.2008, Commercial Crimes Division, PDRM Bukit Aman requested PW2 from Proton Parts Centre to be present at the SMS PDRM for more than 5 times to conduct verification on the rest of the Proton spare parts supplied

F

Proton Parts Centre to Criminal Crimes Division, PDRM Bukit Aman

G

– On 02.06.2009, all products sent to Proton Parts Centre for verification were returned to the Commercial Crimes Division, PDRM Bukit Aman. Upon return, all parts were kept at caged enclosure in SMS Stor Jentera together with the rest of the Proton spare parts supplied by the 1st Defendant under the 9 Deliveries.The key is kept only by PW7

H

I

Criminal Crimes Division, PDRM Bukit Aman to Messrs Tay & Partners

- Tay & Partners issued a letter to the Commercial Crimes Division informing the Ketua Unit Jenayah Perdagangan to permit Tay & Partners to take delivery of some of the products supplied by the 1st Defendant for purposes of use during trial of this civil action.
- On 14.09.2010, the Commercial Crimes Division issued a letter annexing 76 types of Proton spare parts which have been verified as Counterfeit Products by PW2 for use in this civil action.
- The rest of the Proton spare parts supplied by the 1st Defendant are left at the caged enclosure at the Stor Jentera.

[59] Having considered all the evidence, I am satisfied on the balance of probabilities that the counterfeit goods had been supplied by the 1st defendant based on the following grounds:

(a) The 1st defendant was the only supplier of Proton Products to PDRM, there being no other company or entity authorised or contracted to do so (this fact has not been challenged by the defendants);

(b) The 1st defendant did indeed supply goods under the nine deliveries pursuant to the 19 DOs to PDRM. This is seen from the acknowledgement of all the 19 DOs by PDRM. (bundle B, p. 1-19, all DOs bearing the 1st defendant's chop and acknowledgement by Corporal Ibrahim for Bahagian Penerimaan);

(c) PW5, (Korporal) Ibrahim himself has given evidence that he personally took delivery of the goods supplied under all the 19 DOs as can be seen from his signature on all the 19 DOs in bundle B. In relation to this, he has also personally sent the goods supplied by the defendant to SMS Stor Jentera and he has given evidence that the relevant entries on the Buku Dispatch Teknikal (exh. P84) on the physical movement of the 1st defendant's goods to Stor Jentera were written by him;

(d) PW6 had confirmed the receipt of the goods supplied under the 19 DOs from Bahagian Penerimaan Teknikal. Apart from his oral evidence, his testimony is corroborated in the Buku Dispatch Teknikal, exh. P84 as well as on the Baucer Pembayaran (CRV) in which he had ticked against each of the items listed in column "Shah Alam" in the CRV;

(e) PW3 being PW6's superior, had also confirmed the delivery of the goods from Bahagian Penerimaan to Stor Jentera which led him and his team to conduct the inspection of the Proton parts supplied by the 1st defendant;

(f) PW4 had given evidence that he was certain that when PW3 came to see him about the "Condensor Denso" "Made In Thailand" product, that product was from the 1st defendant as the product forms part of the consignment of products sent by Bahagian Penerimaan to Stor Jentera and during that period, all Proton Products were only supplied by the 1st defendant;

(g) PW6 had also confirmed that there were no other Proton parts in Stor Jentera during the material time between 13 April 2007 and 8 May 2007 other than the goods delivered pursuant to the 19 DOs;

(h) The counterfeit goods comprised of 76 types of different products totalling a number of 10,399 items matched the items and quantities delivered pursuant to the 19 DOs by the 1st defendant;

(i) Each of the items supplied by the 1st defendant must bear the 'Bokeb Number' as required by PDRM. The stickers with the Bokeb No printed in a manner and font as that which were present in all of the exhibits verified in court and on each of the items of the counterfeit goods delivered pursuant to the 19 DOs were peculiar to the defendants. Whilst PW2 have conceded that the font is not unique, PW2 could identify that those very stickers with the Bokeb Nos were that supplied by the 1st defendant. The defendants have not tendered any evidence to indicate that the Bokeb No stickers on the counterfeit goods in court did not in fact originate from the 1st defendant or that they are in any way dissimilar;

(j) As the only supplier of Proton parts to PDRM, only the 1st defendant had knowledge of the 'Bokeb Number'. which was obtained from the LOs. As such, the very fact that the counterfeit goods had the stickers with the Bokeb Nos go to show that these are the counterfeit goods supplied by the 1st defendant; and

(k) Apart from the above, during verification on 11 May 2007 when PW2 was at the SMS PDRM, the 1st defendant's representative, Mr Prem, was also present at the SMS PDRM and was concerned of the verification done at the SMS PDRM on the counterfeit goods. This conduct of the 1st defendant goes to show acknowledgement on the part of the 1st defendant that the Proton spare parts being verified were that supplied by the 1st defendant.

[60] It must be emphasized that the defendants have elected not to call for evidence and have not tendered a single shred of evidence to show that the counterfeit goods did not originate from the 1st defendant. The evidential burden will have shifted to the defendants once the plaintiff has established on the balance of probabilities that the goods verified were supplied by the 1st defendant.

[61] In relation to this issue, in my view, the defendants have not been able to put forward any credible argument that the counterfeit goods did not originate from the 1st defendant. On the other hand, the plaintiff's witnesses have given credible evidence of the basis in which they state that the counterfeit goods were delivered by the 1st defendant. For example:

(a) PW2 had stated that the basis on which he said that the products he verified were from the 1st defendant:

> SSL: So Mr. Bulwant, what is your basis for your saying so in your Witness Statement that the goods that you have verified were supplied by the 1st defendant?
>
> PW2: Number 1, I knew that the defendant is the only contract supplier for police. Number 2 from the bokep labels that I've noticed during the verification is very similar to the bokep number that was presented to us when we were doing direct supply to police. Number 3, during verification on the 11th of May Mr. Prem of Bidara was there before me, I did the verification, he came and saw me together in my group, there are some

witness there. What are you doing I said police called me to do verification, that's about it. And lastly Sanizam showed me the DOs and these are the DOs that Bidara supplied and these DO's and the physical parts for the verification that we were doing matched the DO in terms of part numbers and so on. So I assume, I knew that the supply of the particular lot of parts came from Bidara.

(b) PW3 had stated his basis on which he said that the counterfeit goods were supplied by the 1st defendant:

SSL: Thank you my lady alasan untuk menyatakan bahawa produk-produk barangan tersebut berasal dari Defendan Pertama? Kerana En. Sanizam telah mengakui bahawa En. Sanizam tidak nampak barangan-barangan itu dihantar oleh Defendan Pertama ke Bahagian Penerimaan so apabila En. Sanizam menyebut barangan tersebut datang dari Defendan Pertama apakah alasan untuk menyatakan tersebut.

PW3: Yang Arif, saya berdasarkan kepada salinan delivery order dan juga salinan pesanan kerajaan dan satu lagi, voucher penerimaan ada menyatakan nama Defendan Pertama di situ.

(c) PW7 had stated that the Proton spare parts returned in D43 by PPC are the products which were supplied by the 1st defendant and the same products were referred to the verification reports:

SSL: Page 1 to 19 barangan yang dihantar untuk pemeriksaan oleh saya rujuk cross refer Puan ke mukasurat 76 Bundle C, barangan yang diserahkan pada 10 haribulan Mei 2007 pada mukasurat 76, pada mukasurat 78 iaitu pada 15 Mei dan surat puan yang bertarikh 2008 adalah barangan yang diperolehi menerusi oleh DO tersebut boleh Puan jelaskan.

PW7: Saya membuat pemeriksaan melalui seperti yang saya cakap nama parts dan ...

SSL: Barang-barang yang dihantar menerusi surat-surat yang saya telah merujuk kepada puan tersebut yang kemudiannya telah diserah balik oleh PPC kepada Puan, saya ingin puan menjawab samada barang-barang tersebut mengikut siasatan puan adalah dari DO-DO yang dirujuk tersebut

PW7: Ya

[62] Thus, in my view, the 1st defendant being the sole contract supplier of Proton Parts to PDRM, by supplying the counterfeit goods as ordered by PDRM pursuant to the nine LOs and delivered by the 1st defendant to PDRM *via* the 19 DOs (the nine deliveries) would tantamount to using the Proton Trade Marks in the course of trade. As such use is not authorised by the plaintiff, being the registered proprietor of the Proton Trade Marks, such unauthorised use therefore constitute acts of trade mark infringement.

Passing Off

[63] I will now come to the next major issue. The plaintiff contended that the defendants have passed off its products as the plaintiff's products.

[64] Under the tort of passing off, what is sought to be protected by the plaintiff is the goodwill generated by the use of the Proton Trade Marks and the get-up. This right is preserved in s. 82(2) of the Act.

[65] The principle of law regarding passing off was discussed in the case of *Seet Chuan Seng & Anor v. Tee Yih Jia Food Manufacturing Pte Ltd* [1994] 3 CLJ 7, where the Supreme Court held that:

> The principle of law regarding passing off has been plainly stated by Lord Parker in *Spalding v. Gamage* 84 LJ Ch 449 "and that is, that nobody has any right to represent his goods as the goods of somebody else". It is therefore wrong for a trader to conduct his business as to lead to the belief that his goods or business is the business of another. For an authority on passing off, we could do no better than to quote the words of Lord Diplock in the leading speech in *Erven Warnink v. Townend & Sons (Hull) Ltd*:
>
> My Lords, *AG Spalding & Bros v. AW Gamage Ltd.*, 84 LJ Ch 449 and the later cases make it possible to identify five characteristics which must be present in order to create a valid cause of action for passing off:
>
> > (1) a misrepresentation (2) made by a trader in the course of trade, (3) to prospective customers of his or ultimate consumers of goods or services supplied by him, (4) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence) and (5) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a *quia timet* action) will probably do so.

> In an action for passing off, damage is also an essential element of the tort and it is necessary for the plaintiff to establish that he has suffered damage. However, if the goods in question, as in this case, are in direct competition with one another, the Court will readily infer the likelihood of damage to the plaintiff's goodwill through loss of sales and loss of the exclusive use of his name.

[66] It is an agreed fact that the plaintiff has acquired reputation and goodwill in respect of the trade marks and the get-up and has caused the trade marks and the get-up to become exclusively associated or identified with and referable only to the plaintiff and the plaintiff is therefore entitled to the exclusive use of the Proton Trade Marks and the get-up in relation to the Proton Parts.

[67] It is also an agreed fact that the Proton Trade Marks, particularly the mark "Proton" have become well-known in Malaysia.

[68] Notwithstanding the agreed facts above, the court is satisfied that the plaintiff has additionally adduced evidence of goodwill and reputation of the plaintiff in the Proton Trade Marks and the get-up as follows:

(a) Awards by the Proton Group of Companies (D117-118)

(b) Report on Malaysia's Performance on Intangible Assets and Brands at p. 26 where the Proton brand was listed as the 24th most valuable brand in Malaysia (D10-41)

(c) Readers' Digest Trusted Brands which lists Proton as the winner for years 2004-2009 (D9)

(d) Use of some of the Proton Trade Marks since 1985

(e) Sales figures of Proton Products for years 2003-2010 (D87-94)

(f) Invoices showing supply of the Proton Products for years 2003, 2004, 2006 and 2007 (C9-24)

(g) Invoices showing advertising and promotion expenditure (C25-48)

(h) Photographs or copies of advertisements of the Proton Products (C49-75)

[69] In both trade mark infringement and passing off actions, there is no requirement to show actual confusion. Likelihood of confusion is sufficient and this will be satisfied if the defendants are shown to have used a mark identical to or similar with the Proton Trade Marks and the get-up. This is a well-established principle that has been applied in many Malaysian cases. (see *Compagnie Generale Des Eaux v. Compagnie Generale Des Eaux Sdn Bhd* [1992] 4 CLJ 1979; [1992] 2 CLJ (Rep) 311; [1996] 3 AMR 4015 at p. 4037), (*Danone Biscuits Manufacturing (M) Sdn Bhd v. Hwa Tai Industries Bhd* [2010] 4 CLJ 711; [2010] 1 LNS 52).

[70] Based on the evidence adduced by the parties I am satisfied that the defendants has used the Proton Trade Marks, particularly the "PROTON" and "PROTON GENUINE PARTS" trade marks on the counterfeit goods which are identical to the trade marks and the get-up belonging to the plaintiff. As the goods are identical and the Proton Trade Marks used on the counterfeit goods are likewise identical, there is more than a mere likelihood of confusion or deception sufficient to make out misrepresentation as a layperson such as users of the parts would be deceived into thinking that the parts were original parts of the plaintiff.

[71] In the action for passing off, the plaintiff need only show likelihood of damages, and not actual damage (see *Electro Cad Australia Pty Ltd & Ors v. Mejati RCS Sdn Bhd & Ors* [1998] 3 CLJ Supp 196).

[72] On the issue of passing off, the defendants argued that the goodwill and reputation vested in the said trade marks in relation to the said goods are vested in PPC and there is no evidence whatsoever on record to show that the goodwill and reputation in Proton spare parts are vested in the plaintiff.

[73] It must be emphasised that PPC is not a party to the suit. Therefore, the issue of whether PPC is a licensee of the plaintiff is irrelevant to the plaintiff's claim against the defendants. The issue of whether PPC is a licensee should not detract from the real issue of whether the 1st defendant has been authorised by the plaintiff to use the Proton Trade Marks on goods supplied to PDRM.

[74] In *Syarikat Zamani Hj Tamin Sdn Bhd (supra)*, at para. 102, it was held that:

> The position is even more certain and clear where the dispute is not between the licensor and the licensee but rather with a third party (as in the present case). In such instances, the court need not go into the relationship between the licensor and licensee which regulates the contractual arrangements between them as to how the respective trade marks are to be held. Neither would the courts entertain a technical defence raised by the defendants that since the action is commenced by the licensee and not the licensor, they are free to continue with their acts of infringement. In such instances, the courts would consider the equity of the situation in the determination of the case.

Further, at para. 106:

> Any alleged licensing arrangements *vis-a-vis* the common law rights to the mark are arrangements between the parties. It was not for the defendants to interfere with or use it as a means of escaping liability. The matter should be considered in the context of whether the defendants have indulged in acts that could result in damage to the business and goodwill of the plaintiffs. The defendants have no connection with the goods of the plaintiffs and were thus in no position whatsoever to complain. The defendants cannot rely on a technicality to defeat the claim of the plaintiffs.

[75] In *Syarikat Zamani Hj Tamin Sdn Bhd (supra)*, the action was commenced by two companies which were not the registered owner of the trade marks. The registered owner, Pn Sharifah Tamin was the individual who controls the two companies. The court held that whether there was any licensing arrangement between the individual registered owner and the companies did not aid the defendants' defence, as the defendants were an unrelated third party accused of using the Tamin Trade Mark without the authorisation of the two (2) companies.

[76] Ramly Ali J (now JCA) cited with approval the approach adopted in a number of cases and this is what the court states:

> In cases where third parties are involved, as in this case where the defendants are neither the licensors nor the licensees, the position set out in the cases of *Electro Cad, DHN Food Distributors Ltd* and *Haw Par Brothers International Ltd* should be applied. After all, as set out by Kamalanathan Ratnam J in *Haw Par Brothers International Ltd* such contentions should be "brushed aside as a mere technicality." Chao Hick Tin J held that while such arguments when can be relied in a dispute between a licensor and licensee, it cannot be relied upon by "a defendant having no connection with the genuine goods."

[77] Learned counsel for the plaintiff further submitted that what is relevant to this case is whether there has been unauthorised use of the Proton Trade Marks by the defendants in their supply of the counterfeit goods delivered to PDRM in the nine deliveries. In this respect, I find that the defendants have not put forward any evidence to show that they have authority to use the Proton Trade Marks in the supply of the counterfeit goods to PDRM.

[78] Thus, I accept learned counsel for the plaintiff's submission that whether there has been proper internal documentation showing authorisation by the plaintiff to PPC does not in any way dilute the liability of the defendants for supply of the counterfeit goods to PDRM.

Authorisation To Use Implied From Joint Venture Agreement And Conduct Of Parties

[79] In PW1's evidence, even though there is no formal license agreement between the plaintiff and PPC, he testified that PPC is authorised to use the Proton Trade Marks in relation to the trade of automotive components, spare parts and accessories since the formation of the company in 1992.

[80] It is trite that licenses in relation to trade marks and goodwill and reputation need not be in writing. Authorisation to use trade marks whether registered under the TMA or in common law may be implied by way of conduct of the parties and/or their relationships with each other.

[81] Learned counsel for the plaintiff referred to *"The Law of Passing Off"* (see *Unfair Competition by Misrepresentation* (3rd edn.) Christopher Wadlow [TAB 14 PBA], where it is stated at pp. 472-473 as follows:

> It is not necessary that the licence should be an express one, if it is reasonable to infer its existence from the relationship of the parties.

[82] In *Syarikat Zamani Hj Tamin Sdn Bhd (supra)*, the court had held that as the plaintiffs were part of the same group of companies, use of the Trade Mark is clearly distinctive of both the plaintiffs within the group and is a badge and indicator of the group.

[83] The court in *Syarikat Zamani Hj Tamin Sdn Bhd (supra)* referred to the case of *DHN Food Distributors Ltd v. Tower Hamlest London Borough Council* [1976] 1 WLR 852 [TAB 15 PBA], where Lord Denning held:

> the group is virtually the same as a partnership in which all the tree companies are partners. They should not be treated separately so as to be defeated on a technical point. They should not be deprived of the compensation which should justly be payable for disturbance. It was not necessary for them to go through conveyancing device to get it.

[84] Further, the court held as follows:

> we have seen that the parties within the group, and one cannot separate Pn Sharifah from the Tamin group of companies comprising the plaintiffs in this case. They should be treated as one and should not be defeated on a technical point or deprived of compensation which should be payable for disturbance.

[85] In *Revlon v. Cripps* [1980] FSR 85, the court held that all products produced by any company in the group are connected in the course of trade with all other trading companies in the group and held:

> In the context, however, of the group structure and group operations in this group. I take the view that each company in the group impliedly consents to any use of any group mark by any other company in the group

[86] In the case of *UBE Engineering Sdn Bhd v. UBE Industry Sdn Bhd & Anor* [2001] 1 CLJ 300 Steve Shim J (as he then was) in refusing the grant of an interlocutory injunction had accepted the possibility of an oral agreement permitting the defendants to use the UBE mark as a company name and trade mark which would negate the plaintiff's claim for passing off. His Lordship held that:

> First, the defendants say that there was an oral agreement between one Khor Kai Huat (a major shareholder and director of the plaintiff) and Liew Sen Hoi (a major shareholder and director of the first defendant) that the latter could form a company with "UBE" in its name as well as use "UBE" as a trade mark and logo on its fire extinguishers sold to the public. The defendants maintain that this oral agreement formed part of the shares sale agreement executed by the two persons aforesaid ... In my view, this is a significant factor for consideration because if it were true, then the plaintiff would have been estopped from instituting this action for passing off.

[87] To sum up, I find that authorisation to PPC to use the Proton Trade Marks is evidenced by the relationship between the plaintiff and PPC, the Joint Venture Agreement as well as the conduct of PPC in selling, supplying and promoting Proton Parts using Proton Trade Marks with full knowledge and consent of the plaintiff since 1992.

[88] Therefore, as the plaintiff enjoy the goodwill and reputation to the Proton Trade Marks and get-up, PPC need not be included as a co-plaintiff in order for the plaintiff's claim to succeed against the defendants. In any event, the plaintiff is also the registered proprietor of the Proton Trade Marks and it is the only party which can sue for trade mark infringement under the Trade Mark Act.

Liability Of The 4th Defendant

[89] It is an agreed fact that the 4th defendant is the general manager of the 1st defendant and manages the 1st defendant's business.

[90] The cause of action against the 4th defendant is that he is a joint tortfeasor with the 1st defendant in that:

(a) he had committed, procured and/or caused the 1st defendant to commit acts of infringement of the Proton Trade Marks and/or passing off;

(b) he had procured and caused the 1st defendant to supply, distribute, offer for sale and/or sell spare parts bearing get-up and Trade Marks that are identical and/or confusingly and deceptively similar to the Proton Trade Marks and the get-up.

[91] Learned counsel for the plaintiff referred to the case of *Abercrombie & Fitch Co & Anor v. Fashion Factory Outlet KL Sdn Bhd & Ors* [2008] 7 CLJ 413 where it was found that the 4th and 5th defendants were responsible for the incorporation and promotion of the 1st, 2nd and 3rd defendants as corporate bodies. In that case, the court is satisfied that the 1st, 2nd and 3rd defendants were formed by the 4th and 5th defendants for the purpose of carrying out the sale, offer for sale of articles of clothing bearing the offending marks. The 4th and 5th defendants are the only directors and shareholders of the 1st, 2nd and 3rd defendants and they are the directing mind and will of the 1st,

2nd and 3rd defendants. The 1st, 2nd and 3rd defendants are merely instruments and/or *façade* used by the 4th and 5th defendants to carry out their nefarious infringing activities and as such they should be held liable for the infringement of the 2nd plaintiff's registered trade marks as well. This case followed the decision in *Panhard et Levassor v. Panhard Levassor Motor Company Ltd* (1901) 198 RPC 405 and *Oertli AG v. E J Bowman (London) LD and Others* [1956] RPC 282.

[92] Further, the plaintiff contended that the 4th defendant's personal involvement in the 1st defendant's business has been admitted by the 4th defendant as can be seen from the statements he made in the affidavits filed throughout the proceedings in the current suit as well as from the 112 statement given to the police at B42-47. In this regard, learned counsel for the plaintiff argued that the 4th defendant had throughout the numerous interlocutory applications and proceedings in the present civil suit affirmed all affidavits on behalf of the 1st defendant. Further, it was argued that the 4th defendant had stated in para. 1 of each of the affidavits marked in Bundle H at Tabs 1, 3, 5, 9, 10, 13, 15, 19 and 23 that "Saya adalah wakil yang menguruskan segala perniagaan defendan pertama ..." (answer 48 P1).

[93] On this issue, I find that there is nothing in the evidence adduced by the plaintiff which refers to the 4th defendant as the "soul and mind of the 1st defendant". In fact, no evidence has been led by the plaintiff to establish how the 4th defendant is the "soul and mind" of the 1st defendant.

[94] In this regard, the affidavits relied on by the plaintiff were in the agreed bundle but were never referred to by the plaintiff's witnesses in their evidence. Learned counsel for the plaintiff in her written submission referred to the affidavits of the 4th defendant for the purpose of commenting on their contents and contended that the evidence given by the 4th defendant in their affidavits should be admitted. In this regard, learned counsel for the plaintiff referred to the *Earles Utilities Ltd v. Jacobs* (1935) RPC 72 where the court held as follows:

> In my judgment when counsel for the plaintiff read the affidavits in court he made them part of his case and the defendant is entitled to call my attention to those documents as he could to any other documents which have been made part of the plaintiffs' case and to make such comments upon them as he thinks right.

[95] Relying on the principle in *Earles Utilities* case, in the circumstances of this case, I have come to the conclusion that this court is not entitled to refer to the affidavits of the 4th defendant in bundle H. I find that the facts in this present case can be distinguished from the facts in *Earles Utilities* case. It is pertinent to note that in the present case, the affidavits were not referred or read by the plaintiff unlike in the *Earles Utilities* case.

[96] Further, I am of the opinion that the criminal cases are irrelevant and so are the criminal charges because the criminal trial has not commenced and the presumption of innocence would apply. In this situation, I will not take into account the criminal charge in the determination of the civil matter before me now.

[97] With regards to the letter of undertaking dated 28 January 2008 and all without prejudice correspondence at pp. B29, B30, B38 and B40, I am of the view that it is inadmissible as evidence as it forms part of a series of correspondence between the plaintiff and the defendants and/or the plaintiff and the defendants' solicitors and that these documents formed part of negotiations with a view to reach a settlement and therefore the entire series of correspondence and conduct of parties is on a without prejudice basis.

[98] In the *Indran* case, the learned judge has referred to the case of *Re Jinro (HK) Ltd* [2002] 4 HKC 90 where it was held that:

> it was not necessary for a "without prejudice" stamp to be expressly applied to the negotiations if it was clear from the surrounding circumstances that the parties were genuinely seeking to compromise the dispute. It was stated in that case that a party claiming without prejudice privilege on communication would have to show that the communication was made (i) at a time when there was an existing dispute between the parties: (ii) legal proceedings in relation to the dispute had commenced or were contemplated: (iii) the communication was made in a genuine attempt to settle the dispute; the communication was made with the intent that if negotiations failed, it could not be disclosed without the parties consent.

[99] Further, in the case of *Malayan Banking Bhd v. Foo See Moi* [1981] 1 LNS 95 it was held that:

A It is settled law that letters written without prejudice are inadmissible in evidence of the negotiations attempted. This is in order not to fetter but to enlarge the scope of negotiations, so that a solution acceptable to both sides can be more easily reached. But it is also settled law that where the negotiations conducted without prejudice lead to a settlement, then the letters become admissible in evidence of the terms of the agreement, unless of course the agreement has become incorporated in another document which would then be the evidence of the agreement.

C **[100]** Based on the above reasons, I am not satisfied that the plaintiff has proved its claims of trade mark infringement and passing off against the 4th defendant personally.

Conclusion

D **[101]** In light of the above, I held that the plaintiff succeeded in their claims for trade mark infringements and in respect of passing off against the 1st defendant with costs. However, the plaintiff has failed to prove its claim against the 4th defendant. Accordingly, the plaintiff's claim against the 4th defendant is dismissed with costs.

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